



Commandant  
United States Coast Guard

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COMDTNOTE 7101  
20 SEP 2002

CANCELLED  
31 MAR 2003

COMMANDANT NOTICE 7101

Subj: SELECTED DELIVERABLES FOR FISCAL YEAR 2002 FINANCIAL STATEMENTS

Ref: (a) Financial Resource Management Manual (FRMM), COMDTINST M7100.3A

1. PURPOSE. This Notice highlights certain procedures for the preparation and submission of the fiscal year 2002 Coast Guard financial statements that are required by the Chief Financial Officers (CFO) Act of 1990, as amended by the Government Management Reform Act of 1994, and as detailed in reference (a).
2. ACTION. Area and district commanders, commanders of maintenance and logistics commands, commanding officers of headquarters units, assistant commandants for directorates, Chief Counsel, and special staff offices at Headquarters shall ensure compliance with the provisions of this Notice. Internet release authorized.
3. DISCUSSION.
  - a. In developing the CFO Act, the Congress expressed concern that the Government was losing a significant amount of resources to fraud, waste and abuse. The rigorous requirements of the CFO Act were designed to mitigate those costs through improved internal controls, and to heighten the quality of Government decision-making by providing more organizational visibility through timely, accurate, standardized financial statements.
  - b. The CFO Act, as amended by the Government Management and Reform Act, requires that these statements be audited, and that our submission reflects both financial and programmatic results for all Coast Guard appropriations, as well as revolving funds and trust funds.

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- c. In fiscal year 1999, the Department of Transportation, including the Coast Guard, received an unqualified or “passing” opinion for the first time, fulfilling a key priority of the Commandant and the Secretary of Transportation. The Coast Guard’s success was repeated in both the fiscal year 2000 and 2001 Audits. We have a valid baseline for our assets and liabilities; our challenge is to continue to monitor and improve our financial systems and internal controls to ensure continued audit success in fiscal year 2002 and beyond.
- d. The Office of Management and Budget (OMB) has established an accelerated submission schedule for agency financial statements. Accordingly, the fiscal year 2002 DOT financial statements are due to OMB on 1 February 2003, or approximately one month earlier than the fiscal year 2001 financial statements. This accelerated deadline has resulted in across-the-board deadline changes for the fiscal year 2002 financial statements.

e. Management Discussion and Analysis (MD&A):

- (1) The management discussion and analysis (MD&A) is a key part of any financial statement. Its purpose is to help those who use the financial statements understand the Coast Guard’s financial condition and operating results. In accordance with Office of Management and Budget Bulletin No. 01-99, the MD&A will discuss, at a minimum, the Coast Guard’s mission and organizational structure, its program and financial performance goals, objectives, and results, as well as an assessment of its systems, controls, and legal compliance. Program and financial results should be expressed in terms of objective, relevant measures that disclose the extent to which the Coast Guard’s programs are achieving their intended objectives. The MD&A may also include forward-looking information about the possible effects of anticipated future demands, events, conditions, and trends. Performance information appearing in the MD&A should be consistent with information appearing in performance plans and reports and budget documents.
- (2) Along with its principal statements and related footnotes, the Coast Guard will submit an MD&A with the most significant programmatic and financial performance measures to DOT’s Office of the Secretary (OST) for inclusion in the department-wide financial statement. Performance information to be included in this MD&A shall be gleaned from the Coast Guard’s FY 2001 budget submission and the FY 2002 DOT Performance Plan.
- (3) For the first time, this year’s report must be a combined performance and accountability report. It must include the Annual Performance Report required by the Government Performance and Results Act (GPRA), as well as the annual Coast Guard financial statements and other reports.

4. RESPONSIBILITIES. (See enclosure (1) for specific deadlines)

- a. Commandant (G-CFP), Director of Finance, Procurement and Internal Security/Chief Financial Officer. Provide complete, reliable, timely and responsive financial information meeting statutory and regulatory requirements.
- b. Commandant (G-CFS).
  - (1) Coordinate the overall submission effort for the Coast Guard's annual CFO statements. Work closely with the appropriate OIG audit team in the process.
  - (2) Conduct follow up as indicated on CFO audit corrective action plan. Act as an internal Coast Guard consultant as needed.
  - (3) Provide information regarding critical milestones that must be met in order to publish the Coast Guard's financial statements.
  - (4) Ensure necessary financial and accounting policies are promulgated to support preparation of the annual financial statements.
  - (5) Coordinate with Commandant (G-CPP) to develop a MD&A, using the general criteria summarized in paragraph 3.e. above and as specifically detailed in OMB Bulletin No. 01-99.
- c. Commandant (G-CPP). Develop information regarding the Coast Guard's programmatic performance and related financial impact. Coordinate with Commandant (G-CFS) on the inclusion of this data in the Coast Guard's MD&A presentation.
- d. Commandant (G-CPM). Ensure that each Chief of the Contracting Office (COCO) initiates action to clear outstanding unexpended DAFIS account balances, especially those with appropriations due to close by 30 September. Based on responses from the contracting offices, the FINCEN will record a validation, an accrual for any items or services that have been received but have missing or in-transit billings, or a deobligation that closes the action.
- e. Commandant (G-LCL). Based upon central research conducted within the legal community and any requests for opinions on potential contingent liabilities presented by Appropriation/Fund/Program Managers, provide a consolidated "legal letter" to the DOT Inspector General with a copy to the DOT Office of Financial Management regarding the extent/potential for claims and litigation, and the likely outcome.
- f. Coast Guard Finance Center (FINCEN).
  - (1) In coordination with Commandant (G-CFS), work with other DOT personnel to assure that the Office of Management and Budget statement requirements are incorporated into DAFIS.
  - (2) Compile and forward on a timely basis the required Coast Guard financial statements and related information to the affected fund managers and OST.

g. Inventory Control Points/Coast Guard Yard.

- (1) Provide timely Federal Agency Centralized Trial Balance System II (FACTS II) general ledger crosswalk to FINCEN.
- (2) Provide timely and accurate financial statement input to FINCEN for consolidation.
- (3) Assist affected appropriation/fund managers in developing and subsequently executing corrective action plans.

h. Appropriation, Trust/Revolving Fund and Program Managers.

- (1) Evaluate actual closeout results against the project/AFC manager's closeout projections, taking corrective action where necessary.
- (2) Based on available information and any input from the auditors, prepare a management representation letter for the involved appropriation/fund which affirms the accuracy of the financial and management information presented in the related CFO Statements, including footnotes and overviews. Forward the representation letter to the Director of Finance, Procurement and Security via Commandant (G-CFS) in accordance with the timeline in enclosure (1).
- (3) If required by the lead auditor, certify in writing, via the CFO, that the annual Confidential Financial Disclosure Reports have been reviewed and approved.
- (4) For issues under their direct responsibility, develop and implement a timely corrective action plan to address discrepancies identified during the DOT audit of the annual CFO Statements.

i. AFC Managers for centrally managed Allotment Fund Codes (i.e. AFC 01, 08, 20, 56, and 57) and Project Target Officers for centrally managed projects (within G-A, G-S, G-M, G-W and G-O). Provide FINCEN with year-end accounts payable accruals for inclusion in the annual CFO Statements. Examples of items to be included are Project Management Data Sheets, medical liabilities, CHAMPUS claims, travel claims, and household moves (specific description of accrued liabilities will be provided by Commandant (G-CFS) staff).

5. PROCEDURES. A specific timeline of critical events affecting the FY 2002 CFO Statement development is provided in enclosure (1).

5. FORMS. None.

R. S. HOROWITZ  
Director of Finance, Procurement and Internal Security

Encl: (1) Financial Statement and Audit Preparation Plan

## Financial Statement and Audit Preparation Plan

<b>ACTION ITEM</b>	<b>ACTION OFFICE</b>	<b>RECEIVING OFFICE</b>	<b>DUE DATE</b>
Submit account payable/accrual balances	AFC/Project Office	FINCEN	1 OCT 02
Submit draft performance measure	G-CPP	G-CFS	4 OCT 02
Submit FACTS Input	ICPs	FINCEN	4 OCT 02
Closeout DAFIS/ICPs	FINCEN/ICPs	FINCEN	5 OCT 02
Submit inventory balances and reconciliation	AR&SC and ELC	FINCEN	11 OCT 02
Submit EC&R remediation and cleanup data	G-SEC/G-CFM-3/G-CFS	FINCEN	11 OCT 02
Submit shore and shipboard OM&S data	G-SLP	FINCEN	11 OCT 02
Submit all personnel related accrued liability data	G-WR	FINCEN	11 OCT 02
Submit actuarial pay and health liability data	G-WR	FINCEN	11 OCT 02
Incorporate Data from OFA (i.e., Treasury & OPM)	FINCEN	G-CFS	11 OCT 02
Submit CG management discussion & analysis	G-CFS/CFP/CCS	B-30/OIG	11 OCT 02
Submit unadjusted DAFIS pre/post closing trial bal.	FINCEN	OIG	15 OCT 02
Draft Retiree Actuarial Liability Report	G-WR Actuary	OIG Actuary	15 OCT 02
Submit Deferred Maint estimate after G-CPA review	G-SRM/G-CFS	FINCEN	25 OCT 02
Submit SF-2108s and SF-133s	FINCEN	Treas/OMB	4 NOV 02
Draft Statements to Approp/Fund Mgrs/ICPs & OIG	FINCEN/Yard	G-CFS	4 NOV 02
Submit financial statements and notes	G-CFS	B-30/OIG	4 NOV 02
Submit financial supplementary & stewardship info	G-CFS	B-30/OIG	7 NOV 02
Submit Fund Mgrs Representation Letters	Fund/Approp Mgr	G-CFS	15 NOV 02
Final Retiree Actuarial Liability Report	G-WR	G-CFS	7 DEC 02
Submit CG Mgmt Representation Letters	G-CFS	B-30/OIG	20 DEC 02
OIG final audit adjust, draft findings & rpt	OIG	G-CFP/FINCEN	20 DEC 02
Route Draft Audit Rpt/Findings	G-CFS	G-CCS/Fincen	24 DEC 02
Submit FACTS Adjusted Trial Balances	FINCEN	Treasury	3 JAN 03
Updated Legal Representation Letter	G-LCL	B-30/OIG	10 JAN 03
Final Financial Statements Due	FINCEN/G-CFS	B-30/OIG	23 JAN 03
Submit Final Fin Statement Package	G-CFS	B-30/OIG	23 JAN 03
Submit comments on Draft Audit Opinions & Reports	G-CFS	OIG	23 JAN 03
Final OIG audit reports	OIG	G-CFP	28 JAN 03
Submit DOT audited financial statements	B-30	OMB	30 JAN 03